

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

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Program ID/Title: AGS 240/State Procurement

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I. Goals

To best serve the taxpayers of Hawaii and stakeholders in State and County agencies by providing effective and efficient procurement and inventory management practices. To achieve the greatest value from procurement resources while creating a procurement environment and framework which nurtures a strong vendor community and peak vendor performance. To coalesce public-private partnerships to enhance the services and products provided to the citizens of the State of Hawaii.

II. Objectives and Policies

- A. #1 - Implement "best practices" to improve the efficiency of procurement processes, thereby allowing an increase in workload and reducing by at least 10% the average time period between the legal advertising date and the notice of award date for recurring procurements.
- B. #2 - Increase the number of cooperative purchasing price and vendor lists being used by purchasing jurisdictions, enhancing the savings by at least 5% of participating agencies by leveraging their collective purchasing power.
- C. #3 - Continue to integrate electronic processing (eProcurement) with procurement practices to increase savings by at least 5% for agencies serviced by the State Procurement Office.
- D. #4 - Continue to improve and provide procurement training and education for government employees having procurement responsibilities, vendors desiring contracts with State and County agencies, and taxpayers of the State of Hawaii. Striving to achieve a customer satisfaction rating of 90% or higher and a completion rate of at least 90% of purchasing specialists and other employees having primary procurement responsibilities in State government to have completed designated training.

- E. #5 - Advocate change leading to concerted and coordinated purchases of health and human services, first within the Executive Branch of state government and then expanding to other government jurisdictions and private providers. Seeking a customer satisfaction rating of 90% or higher.
- F. #6 - Advocate the development of an electronic interface with fiscal expenditure transactions to create inventory files and notifications to the purchasers for all equipment items. Seeking audited financial statements with no qualifications related to the accuracy of reported inventory totals.
- G. #7 - Nurture an office environment that empowers employees and builds accountability, resulting in a clear understanding by all employees of the office's mission and desired outcomes. Ultimately seeking achievement of 100% of the office's key outcome measures.

### III. Action Plan with Timetable

- A. Objective/Policy 1 - Implement "best practices" to improve the efficiency of procurement processes, thereby allowing an increase in workload and reducing by 10% the average time period between the legal advertising date and the notice of award date for a recurring procurements.
  - 1. Past Year Accomplishments
    - a. Continued documenting base line data, analyzing processing delays, and measuring time periods between the legal advertising date and the notice of award date for recurring procurements.
    - b. Began implementing best practices to preclude recurrence of processing delays.
  - 2. One Year
    - a. Continue to review procurement processes and implement best practices to improve processing times for recurring procurements.

- b. Continue to perform trend analyses on cycle times for recurring procurements.
    - c. Secure benchmark data for processing times from the National Institute of Governmental Purchasing, Inc. Evaluate data for comparability and usefulness with Hawaii's data.
  - 3. Two Years
    - a. Continue to review procurement processes and implement best practices to improve processing times for recurring procurements.
    - b. Continue to perform trend analyses on cycle times for recurring procurements. Include comparison with selected benchmark cycle times.
  - 4. Five Years
    - a. Continue to review procurement processes and implement best practices to improve processing times for recurring procurements.
    - b. Continue to perform trend analyses on cycle times for recurring procurements. Include comparison with selected benchmark cycle times.
- B. Objective/Policy #2 - Increase the number of cooperative purchasing price and vendor lists being used by purchasing jurisdictions, enhancing the savings by at least 5% of participating agencies by leveraging their collective purchasing power.
  - 1. Past Year Accomplishments
    - a. Partnered with the Western States Contracting Alliance to provide a cooperative purchasing agreement for computers and related items. All Chief Procurement Officers agreed to participate in this agreement. This was a first time occurrence.

- b. Established a database on the number of price and vendor lists being used by Chief Procurement Officers as part of the cooperative purchasing agreement program for comparative and trend analyses purposes.
- 2. One Year
  - a. Continue to work the Western States Contracting Alliance to develop and secure additional cooperative agreements.
  - b. Continue to work with Chief Procurement Officers to increase the number of price and vendor lists being used by two or more purchasing jurisdictions.
  - c. Continue to refine existing price and vendor lists to meet the requirements of agencies in differing purchasing jurisdictions.
  - d. Continue to identify and develop new price and vendor lists to meet new and changing agency requirements.
- 3. Two Year
  - a. Continue to work with Chief Procurement Officers to increase the number of price and vendor lists being used by two or more purchasing jurisdictions.
  - b. Continue to refine existing price and vendor lists to meet the requirements of agencies in differing purchasing jurisdictions.
  - c. Continue to identify and develop new price and vendor lists to meet new and changing agency requirements.
- 4. Five Year
  - a. Continue to work with Chief Procurement Officers to increase the number of price and vendor lists being used by two or more purchasing jurisdictions.

- b. Continue to refine existing price and vendor lists to meet the requirements of agencies in differing purchasing jurisdictions.
  - c. Continue to identify and develop new price and vendor lists to meet new and changing agency requirements.
- C. Objective/Policy #3 - Continue to integrate electronic processing (eProcurement) with procurement practices to increase savings by at least 5% for agencies serviced by the State Procurement Office.
  - 1. Past Year Accomplishments
    - a. Prototype for electronic purchasing of goods (eCatalog) was under development using the office supplies price list. However, support from NIC Commerce, parent company for Hawaii's Portal Page contractor, was withdrawn.
    - b. Initiated discussions and provided several presentations regarding use of procurement cards by State agencies.
  - 2. One Year
    - a. Seek budget approval for a position and funding for an eProcurement administrator.
    - b. Continue to research and identify applicable eProcurement alternatives and to determine resource requirements associated with e-procurement initiatives.
    - c. Obtain information and analyze alternatives for use of purchasing cards by State agencies.
  - 3. Two Years
    - a. Hire full-time eProcurement Administrator to take the lead on eProcurement initiatives.
    - b. Enhance procurement practices with eProcurement applications.

- c. Define methodology and metrics to determine and analyze customer and stakeholder savings.
  - a. Five Years
    - a. Continue to enhance procurement practices with eProcurement applications.
    - b. Determine annual savings attributed to the integration of eProcurement procurement processes and performs trend analysis.
- D. Objective/Policy #4 - Continue to improve and provide procurement training and education for government employees having procurement responsibilities, vendors desiring contracts with State and County agencies, and taxpayers of Hawaii. Striving to achieve a customer satisfaction rating of 90% or higher. Also, for 90% of purchasing specialist in State government to have completed designated procurement training.
- 1. Past Year Accomplishments
    - a. Provided various workshops for providers and State employees on the purchases of health and human services. Also sponsored a general procurement course conducted by an instructor from the National Institute of Governmental Purchasing, Inc. Attendees were from both State and County agencies.
    - b. Identified the knowledge gap for employees working within the State Procurement Office and decreased the gap by 383 hours or down by 17% from the requirements identified in fiscal year 2000.
    - c. Provided accurate and timely information on procurement issues for the taxpayers of the State of Hawaii.

2. One Year
  - a. Continue to provide at least two training sessions for government employees, vendors, providers and contractors.
  - b. Perform a needs assessment regarding training which would benefit State personnel having procurement responsibilities. Compile a knowledge gap database for planning and trend analysis purposes similar to the one compiled for the staff of the State Procurement Office.
  - c. Continue to provided accurate and timely information on procurement issues for the taxpayers of the State of Hawaii.
3. Two Years
  - a. Provide training based on needs assessments for State personnel having procurement responsibilities.
  - b. Provide training for vendors, providers and/or contractors having or seeking contracts with the State and Counties.
  - c. Continue to provide accurate and timely information on procurement issues for the taxpayers of the State of Hawaii.
4. Five Years
  - a. Devise a methodology and metrics to assess the satisfaction of government employees, vendors, providers and contractors with the training provided by State Procurement Office in terms of usefulness, timeliness and clarity.
  - b. Continue to provide and improve procurement training.
  - c. Continue to provide accurate and timely information on procurement issues for the taxpayers of the State of Hawaii.

- E. Objective/Policy #5 - Advocate changes leading to concerted and coordinated purchases of health and human services, first within the Executive Branch of state government and then expanding to other government agencies and private providers. Seeking a customer satisfaction rating of 90% or higher.
  - 1. Past Year Accomplishments
    - a. Refined and improved the planning and procurement process for the purchase of health and human services.
    - b. Refined and improved the coordinated planning process with private sources and State agencies that fund health and human services throughout the community.
    - c. Utilized the State Procurement Office's website to communicate procurement matters to customers, stakeholders and suppliers.
  - 2. One Year
    - a. Continue to improve the planning and procurement process for the purchase of health and human services.
    - b. Continue to improve the coordinated planning process with private sources and State agencies that fund health and human services throughout the community.
  - 3. Two Years
    - a. Focus on improving the planning and procurement process for the purchase of health and human services for purchasing jurisdictions other than the Executive Branch..
    - b. Focus on improving the coordinated planning process with private sources that fund health and human services.
  - 4. Five Years



- a. Perform a thorough review of the planning and procurement process for the purchase of health and human services.
  - b. Perform a thorough review of the coordinated planning process with private sources and State agencies that fund health and human services throughout the community.
  - c. Devise the methodology and identify the metrics to determine the satisfaction of stakeholders in the Executive Branch regarding the planning and contracting process for the purchase of health and human services.
- F. Objective/Policy #6 - Advocate the development of an electronic interface with fiscal expenditure transactions to create inventory files and notifications to the purchasers for all equipment items. Seeking audited financial statements with no qualifications related to the accuracy of reported inventory totals.
  1. Past Year Accomplishments - Programming and testing for the Financial Accounting and Inventory System (FAIS) is still on hold. Therefore, available technology is being used to update and review the equipment and building inventory database for the State of Hawaii. Data in electronic forms are being used and transferred via diskettes and e-mail.
  2. One Year
    - a. Continue to advocate the development of a FAIS.
    - b. Continue to use available technology and other measures to improve the inventory management system.
  3. Two Years
    - a. Continue to advocate the development of a FAIS.
    - b. Continue to use available technology and other measures to improve the inventory management system.

4. Five Years
  - a. Perform a review of alternative inventory methods and structures.
  - b. Continue to use available technology and other measures to improve the inventory management system.
- G. Objective/Policy #7 - Nurture an office environment that empowers employees and builds accountability, resulting in a clear understanding by employees of the office's mission and desired outcomes. Ultimately seeking achievement of 100% of the office's key outcome measures.
  1. Past Year Accomplishments - Provided training to employees to enhance their professional competence and personal development.
  2. One Year
    - a. Promote empowerment, enabling employees based upon their trustworthiness and the requirements of the tasking.
    - b. Continue to provide training to employees to enhance their professional competence, people skills and personal development.
  3. Two Years
    - a. Continue to promote empowerment, enabling employees based upon their trustworthiness and the requirements of the tasking.
    - b. Continue to provide training to employees to enhance their professional competence, people skills and personal development.
    - c. Review and update desired office outcomes and related outcome measures.

4. Five Years

- a. Perform a climate survey to include employee assessments on empowerment within the State Procurement.
- b. Continue to promote empowerment, enabling employees based upon their trustworthiness and the requirements of the tasking.
- c. Continue to provide training to employees to enhance their professional competence, people skills and personal development.

IV. Performance Measures

A. Customer Satisfaction measures

1. Training feedback sheets will be developed to assess procurement training conducted by the staff of the State Procurement Office and by vendors and others sponsored by the State Procurement Office. Completion of these feedback sheets will be accomplished at the end of each training session. Areas exceeding customer expectations will be recognized and opportunities for change and improvement will be acted upon.
2. Customer satisfaction surveys will be developed for and distributed to targeted groups having purchase of service functions. Areas exceeding customer expectations will be recognized and opportunities for change and improvement will be acted upon.

B. Program Standard measures

1. An annual review will be accomplished to measure the processing time between the legal notice date and notice of award date for recurring procurements. Feedback will be used to identify areas for recognition and target areas for improvement.
2. An annual review will be performed to measure the number of price and vendor lists being used by multiple purchasing jurisdictions.

3. An annual review will be performed to determine the knowledge gap for members of the State Procurement Office, measuring the difference between training required and desired versus training accomplished. When the database is completed, a similar review will be done annually for selected employees working in other State agencies.
4. An annual review will be done of the financial statements prepared for the State of Hawaii by independent Certified Public Accounting firms to determine if the inventory database fairly reflected its equipment and building assets.

C. Cost Effectiveness measures

1. An annual review will be done to measure agency savings resulting from the awarding of price and vendor lists contracts.
2. An annual review will be done to assess cost savings attributable to technological changes made on procurement processes.